

# SPECIAL NOTICE

June 7, 2005

For further information contact:  
Telephone Information Center  
1-800-647-7706 or (360) 705-6676

Alternate Formats (360) 705-6715  
Teletype 1-800-451-7985

## Nonprofit Boarding Homes

Engrossed Substitute House Bill (ESHB) 2314, Chapter 514, Laws of 2005, provides a business and occupation (B&O) tax exemption on the income of nonprofit boarding homes for providing room and domiciliary care to boarding residents. The exemption becomes effective **July 1, 2005**.

Currently, all boarding homes licensed under chapter 18.20 RCW are subject to B&O tax on their income from providing room and domiciliary care to residents at a rate of 0.275 percent. Effective July 1, 2005, nonprofit boarding homes will no longer report income received from providing room and domiciliary care to residents on their excise tax returns.

A “**nonprofit boarding home**” is a boarding home that meets any of the following conditions:

- ◆ Operated as a religious or charitable organization;
- ◆ Exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3);
- ◆ Incorporated under chapter 24.03 RCW;
- ◆ Operated as part of a nonprofit hospital; or
- ◆ Operated as part of a public hospital district.

“**Domiciliary care**” is defined in RCW 18.20.020 as any of the following activities:

- ◆ Assistance with daily living activities provided by the boarding home either directly or indirectly;
- ◆ Assuming general responsibility for the residents’ safety and well-being; or
- ◆ Providing intermittent nursing services, directly or indirectly.

If you have any questions, please contact the Telephone Information Center at 1-800-647-7706.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.

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**Important Tax Changes  
for Nonprofit Boarding Homes  
Enclosed**



Washington State Department of Revenue